



SAFETY THROUGH KNOWLEDGE



SG BIDCO GROUP INTERIM QUARTERLY REPORT Q1 – 2018

Financials Q1-18

Recurring revenue YTD Q1-2018 ended 1.6 MNOK down compared to the same period last year. However, adjusted for the negative FX effects, recurring revenue is on level with Q1-2017. Due to the fact that some customer have changed from annual to semi-annual subscription periods, recurring revenue is affected negatively with 2.5 MNOK YTD. These changes in subscription period increases the Group's revenue potential in Q3-2018 with a corresponding amount. Looking at the interim revenue numbers, please bear in mind that close to 50% of the Group's revenues are recognized during Q-4.

SG BIDCO GROUP		
P & L Statement (NOK 1000s)	Q1-2018	Q1-2017
Subscription Renewal	25 091	26 534
Subscription New	2 004	1 239
Subscription Aftersale	2 195	3 197
Recurring Revenue	29 291	30 970
CBT Course Packages	2 183	2 308
Course	1 485	1 297
Other Revenues	1 318	1 320
Non Recurring Revenue	4 987	4 926
TOTAL REVENUE	34 277	35 895
Cost of Sales	-1 556	-891
TOTAL COST OF GOODS SOLD	-1 556	-891
GROSS PROFIT	32 721	35 004
<i>Gross margin</i>	<i>95,5 %</i>	<i>97,5 %</i>
Direct Opex Training Content	-5 288	-5 261
Direct Opex Course	-1 902	-2 461
Direct Opex Software Division	-2 925	-2 311
Sales & Marketing	-11 664	-10 706
Other Opex	-8 376	-9 183
OPEX	-30 155	-29 923
EBITDA	2 566	5 081
Depreciation	-2 432	-2 357
Amortisation	-15 858	-15 828
DEPRECIATION/AMORTIZATION	-18 290	-18 185
EBIT	-15 724	-13 104
Net currency gains (1)	30 161	1 467
Net interest expense	-14 590	-4 003
Profit before tax	-153	-15 640
EX.ORD.ITEMS	-784	-1 483
Net profit	-937	-17 123

(1): Of which in relation to hedging portfolio: **Q1-2018** **Q1-2017**
 - Net gains/(losses): 11 926 7 257

Balance Sheet

Balance Sheet - SG Bidco Group	Q1-2018	Q1-2017
Intangible Assets	764 645	825 880
Tangible Assets	18 547	17 784
Financial Fixed Assets	10 481	9 311
Total Fixed Assets	793 673	852 976
Trade Debtors	50 036	40 180
Trade Debtors, Intragroup	0	61 067
Inventories	1 280	1 186
Prepayments, Accruals, VAT, Other Rec.	3 401	4 060
Cash at Bank	13 935	29 984
Total Current Assets	68 651	136 477
TOTAL ASSETS	862 324	989 453
Trade Creditors	1 014	5 302
Accrued Interest Other	-9 007	11 271
Accruals & Other Creditors	15 505	13 667
Payroll Taxes, Empl. tax, Holiday allow.	2 906	3 438
Corporation Tax	-2 482	-2 506
Total Current Liabilities	7 935	31 172
Deferred tax	107 385	90 626
Long Term Loan Other	505 525	294 482
Total Long Term Liabilities	612 910	385 108
Share Capital	52 036	52 036
Other Equity	189 443	521 138
Total Equity	241 479	573 174
TOTAL LIABILITIES & EQUITY	862 324	989 453

Cash flow statement

Cashflow from operations per Q1-2018 is heavily affected by Seagull's introduction of new ERP-systems, which has caused delayed invoicing of customers and limited the the company's ability to do proper collections. Implementation of the new ERP-system has now been successfully completed, meaning that cashflow from operations is expected to be back on track during Q2-2018.

Cash flow statement - SG Bidco Group	Q1-2018	Q1-2017
EBIT	(15 724)	(13 104)
Add back Depreciation	2 432	2 357
Add back Amortisation	15 859	15 829
EBITDA	2 567	5 081
(Incr.)/decr.Trade receivables/inventories	23 109	32 690
(Incr.)/decr.Prepayments / Accrued Income	(506)	(2 103)
Increase/(decrease) in Trade payables	(2 447)	481
Increase/(decrease) in Accruals/provisions	(2 846)	(3 415)
CASH GENERATED FROM OPERATIONS	19 876	32 734
Capex	(911)	(3 236)
Debt Amortization	(25 280)	0
FX Effect	16 009	(2 617)
Exeptional items	(8 151)	(1 505)
Interest paid	(1 738)	(3 523)
CASHFLOW	(195)	21 854

CASH BALANCE, OPENING	14 129	8 130
CASHFLOW	(195)	21 854
CASH BALANCE, CLOSING	13 935	29 984

Market Development and key numbers Q1-18

The demanding market conditions have continued into 2018, with overcapacity in key shipping segments that results in poor rates. The weak market continues to result in high pressure on pricing and focus on reduced training scope. Despite these tough market conditions; the Group has achieved increased order intake compared to previous years, far above our expectations for Q1-2018. We experience a positive trend for Seagull's products, and the increase in number of installations and customers has been very positive both vs expectations and the last few years.

There are clear improvements in some shipping segments, while others continue to face challenges. Overall we expect a positive market development, with improved rates in some of our key shipping segments during 2018.

Key numbers portfolio	<u>Q1-18</u>	<u>Q1-17</u>	<u>FY-17</u>
No of Customers at end of period	740	708	722
Portfolio Value (USD 1000) at end of period	23 747	21 993	22 891
 New sales orders (USD 1000)	 <u>Q1-18</u>	 <u>Q1-17</u>	 <u>FY-17</u>
New Orders total	713	312	1 681
Value of 10 largest Orders	568	238	832
 3 largest new sales orders (USD 1000)	 <u>Q1-18</u>	 <u>Q1-17</u>	 <u>FY-17</u>
Customer "A"	206	121	216
Customer "B"	129	43	161
Customer "C"	47	24	121

FX rates Q1-2018

Realized FX rates Revenue / Opex:

Revenues:	<u>Q1-18</u>	<u>Q1-17</u>	<u>FY-17</u>
USD	7,93	8,43	8,27
SGD	6,03	5,96	5,88
EUR	9,58	8,89	9,23
 Opex:			
USD	8,12	8,39	8,21
SGD	5,94	5,96	5,98
EUR	9,65	8,96	9,31
GBP	10,91	10,46	10,66
ZL	2,31	2,08	2,17
JPY	0,07	0,07	0,07
DKK	1,27	1,21	1,25